Irish Life

Vested PRSAs vs ARFs / AMRFs

PENSION ADVISORY SERVICES

Clients who have PRSAs have the option at retirement to take their retirement lump sum and leave the balance in their PRSA as a Vested PRSA. This option is only available to PRSAs or PRSA AVCs.

Clients with Personal Pensions, Company Pensions and PRBs have to transfer to an ARF/AMRF or purchase an annuity once they take their retirement lump sum.

Vested PRSAs are similar to ARFs and AMRFs; however there are some differences which are discussed in more detail below.

	Vested PRSA	ARF / AMRF
General	Option to leave balance of the fund in the PRSA after taking retirement lump sum. Same plan continues post-retirement, no charge on retirement	Option to remain in existing plan not available to Personal Pensions, Company Pensions or PRBs.
Potential Disadvantages	May have limited investment options. No automatic income facility No withdrawals can be made from age 75 onwards.	New plan required. There will be an immediate cost to the client if ARF/AMRF does not give 100% allocation. Exit charges may apply depending on the ARF/AMRF.
Guaranteed Income amount	Before taking withdrawals from a Vested PRSA the client must meet the guaranteed income requirement.	Before the client can transfer their retirement benefits to an ARF they must meet the guaranteed income requirement.
AMRF Requirement	If the client does not meet the income amount then €63,500 must be set aside in an AMRF and/or Vested PRSA. Where €63,500 is placed in a Vested PRSA, this is a restricted fund and only amounts over €63,500 can be withdrawn.	If the client does not meet the income amount then they must set aside €63,500 in an AMRF. Clients can take a withdrawal of 4% of the value of their AMRF each year. AMRF withdrawals are restricted to one a year until age 75 or the guaranteed income requirement is met.
Tax Due	All withdrawals are subject to Income Tax and the Universal Social Charge. There is also a PRSI liability until age 66.	All withdrawals are subject to Income Tax and the Universal Social Charge. There is also a PRSI liability until age 66.
Imputed Distribution	An Imputed distribution of 4% applies to all Vested PRSAs from the year the client turns 61, this increases to 5% at age 71 (age 60 & 70 respectively if date of birth 1 January). Clients with ARFs and Vested PRSAs with a combined value greater than €2m will have to pay a 6% imputed distribution. The imputed distribution requirement does not apply to the restricted fund portion of a Vested PRSA. The requirement to keep a restricted fund ceases once the client meets the income requirement or reaches age 75. The imputed distribution will then apply to the entire fund.	An Imputed distribution of 4% applies to all ARFs from the year the client turns 61, this increases to 5% at age 71 (age 60 & 70 respectively if date of birth 1 January). Clients with ARFs and Vested PRSAs with a combined value greater than €2m will have to pay a 6% imputed distribution. The imputed distribution will apply to AMRFs once the client meets the income requirement or reaches age 75.

	Vested PRSA	ARF / AMRF
Transfer Out Options	Fund can be transferred to an ARF/AMRF or used to purchase an annuity up until age 75. In order to transfer to an ARF the client will have to meet either the AMRF or guaranteed income requirement. A Vested PRSA can transfer to another Vested PRSA.	An ARF can transfer to another ARF or be used to purchase an annuity at any time. An AMRF can transfer to another AMRF or be used to purchase an annuity at any time. An ARF or AMRF **cannot** transfer to a Vested PRSA.
Transfer In Options	A Vested PRSA can only accept transfers from other Vested PRSAs.	The following can be transferred to an ARF/AMRF at retirement: - Personal Pension - PRSA - Company Pension where the member has ARF options - AVCs An ARF can accept transfers from other ARFs. An ARF can also accept transfers from Vested PRSAs, the client will have to satisfy the AMRF / guaranteed income requirement beforehand
Treatment on Death **Same rules apply to Vested PRSAs & ARFs**	Passes to the estate of the deceased. Value can be paid into an ARF in the name of the spouse or registered civil partner. Funds transferred to a child over 21 will be subject to income tax at 30%. Funds transferred to a child under 21 will be subject to Capital Acquisitions Tax. Funds transferred to anyone else will be subject to income tax and Capital Acquisitions Tax.	Passes to the estate of the deceased. Value can be paid into an ARF in the name of the spouse or registered civil partner. Funds transferred to a child over 21 will be subject to income tax at 30%. Funds transferred to a child under 21 will be subject to Capital Acquisitions Tax. Funds transferred to anyone else will be subject to income tax and Capital Acquisitions Tax.
Ability to take withdrawals after age 75	From age 75 the client will have no access to their vested fund. They cannot take any withdrawals from the vested PRSA nor can they transfer it to an ARF or use it to purchase an annuity. The imputed distribution tax will continue to apply but no payments can be made to the client.	Yes.